

SENATE BILL REPORT

SB 6291

As of February 18, 2008

Title: An act relating to requiring voter authorization of government welfare tax payments to cities and counties.

Brief Description: Requiring voter authorization of government welfare tax payments to cities and counties.

Sponsors: Senators Oemig, Kline and Kohl-Welles.

Brief History:

Committee Activity: Government Operations & Elections: 2/07/08.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

Staff: Cindy Calderon (786-7784)

Background: Cities and counties rely on property taxes as one means of increasing general revenues. A real estate excise tax (REET) is imposed on the sale of real property at 1.28 percent of the sale price; this includes the amount of any liens, mortgages, and other debts given to secure the purchase. An amount equal to 6.1 percent of the REET is deposited in the Public Works Assistance Account (PWAA). The PWAA has three other sources of revenue: water and sewer utilities tax; garbage tax; and solid waste collection tax. Funds from the Public Works Assistance Account are used to finance critical local government public works projects.

An amount equal to 1.6 percent of the proceeds of the REET is deposited into the City-County Assistance account to be divided equally between counties and cities. The City-County Assistance Account provides assistance to jurisdictions negatively impacted by the loss of sales tax equalization and that have relatively low per capita assessed valuations. Remaining REET proceeds are deposited into the General Fund.

Summary of Bill: For cities or counties to receive distributions under the City-County Assistance Account an authorizing proposition must be submitted to the voters of the eligible city or county; and the proposition must be approved by a majority of those voters. If the proposition for the continuation of these distributions is not approved then that city or county's portion will be deposited into the Public Works Assistance Account.

Appropriation: None.

Fiscal Note: Not requested.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This bill helps inform tax payers about where the government is spending their money and where their money is going. When money is used to subsidize or is used as public welfare, tax payers need to be informed.

CON: This bill is not directed properly. The individuals making up those cities and counties that receive the distributions would object to the characterization that this is welfare. The path to self-reliance is a long one with obstacles on the way; for example: counties that are composed of non-tax public land and over-regulation. Additionally, the matter of voting that is suggested in this bill, some counties cannot afford it.

Persons Testifying: PRO: Senator Oemig, prime sponsor.

CON: Senator Sheldon, Senator Morton.